

**APPENDIX II**  
**STOREROOM TECHNIQUES**  
(Including Procedures and Controls)

The number of storerooms and their location should be of prime interest to the agency. Whenever new storerooms are being considered, the question of whether there should be one storeroom or many should be evaluated. Also, the amount of activity in the storeroom should be simulated - the number of withdrawals and receipts - to aid in determining personnel, layout and equipment needs. The agency should recognize that the need for accurate storeroom control must be balanced against the extra labor and material handling costs that can be easily generated by an overly rigid system.

It is sound policy to have one manager responsible for operation of the storeroom and the accuracy of the inventory records used to control the storeroom. The office of the agency buyer or primary procurement officer is the recommended area of responsibility for these functions. However, personnel actually involved in the record keeping and storeroom operations must function independently and indeed, must be physically separated from each other insofar as space and organization permits.

One of the basic problems faced by agencies in maintaining records to control storeroom inventories is that of assigning responsibility for record accuracy. Except for purely clerical errors such as keying mistakes, misfiling, and misplaced documents, most problems in maintaining the inventory records can best be eliminated in the storeroom. Among the typical causes of record inaccuracies are:

1. Allowing users to withdraw supplies to replace those lost, scrapped, or needed for other reasons in the user's program without completing the proper paperwork.

Possible solution:

Supplies should never be issued without properly approved withdrawal requisitions.

2. Withdrawal of supplies from the storeroom by unauthorized personnel - night shift operators, department foreman, service people, etc. without completing the proper paperwork.

Possible solution:

The night-shift problem can be handled by delegating authority to issue materials and the responsibility for completing the proper paperwork to a key employee, watchman or guard. Except in emergencies, paperwork should never be completed "after the fact" or on a delayed basis.

3. Direct delivery of urgently needed supplies to the user when they arrive from the vendor without going through inspection or having the proper paperwork completed.

Possible solutions:

Insofar as possible, a central receiving unit should be established and include procedures for priority handling of emergency and urgent deliveries.

In the event that deliveries must be made directly to the user, procedures should be in place to insure that all concerned are apprised of their responsibility to complete the necessary paperwork.

4. Misidentification of materials and supplies.

Possible solutions:

A commodity numbering system should be used. Commodity numbers, in addition to meaningful commodity descriptions, should be used to identify items on all paperwork transactions that are transmitted to the inventory record clerk.

Additionally, specific storage spaces or bins should be assigned to each commodity. Each space or bin should be labeled with the commodity number and description.

Insofar as possible, storeroom requisition forms should be preprinted with the commodity number and description.

The State of Maryland uses a standardized commodity numbering system for all commodities. For further information regarding this system, contact the DGS Inventory Standards and Support Services Division.

5. Inaccurate piece counts, compared with requisitioned quantities - caused by human error or deliberate delivery of package sizes or quantities which are different from the requisitioned amounts.

Possible solution:

The only real solution to this problem is good storeroom discipline. Storeroom withdrawal requisition forms should be in triplicate copies at least. One copy each should be retained by the requisitioner, the storeroom and the inventory record keeper. Any changes to requisition quantities, delivery quantities or items

ordered must be made on all three copies and both the requisitioner and the issuer should sign the requisition certifying delivered amounts before the copies are separated.

6. Misappropriation of property by dishonest people.

Possible solutions:

Keeping storerooms locked when unattended and restricting access to authorized personnel only will prevent property from being misappropriated by people not connected with the storeroom.

To help minimize property misappropriation by personnel connected with the storeroom, an accurate inventory record keeping system and segregation of duties is necessary. Accurate inventory records are the basis for identifying and monitoring property loss. Frequent periodic test counts of items that are highly subject to theft should be made and compared with record balances to identify shortages and initiate corrective action. Duties should be assigned so one individual is not in a position to perpetuate and conceal a misappropriation.

Storeroom personnel should be held accountable for items taken from storerooms without the required paperwork being completed.

7. Delayed flow of paperwork between material handling personnel and the inventory records, plus loss of some copies of important receipts or requisitions.

Possible solution:

One technique that can be of some assistance in being sure that all paperwork is getting into the inventory records is to have serially numbered forms for all documents that affect the inventory control records, so that missing documents can be traced.

Undoubtedly, most problems in controlling storeroom inventories can be traced to inadequate training and lax discipline. Personnel whose activities have the most effect on record accuracy may lack complete understanding of their duties or of the results of their failure to follow the proper procedures. Inventory users and material handling people sometimes have a disdain for paperwork that can only be overcome by reinforcing training and enforcing the rules. No system, manual or computerized, can be expected to generate real improvement in inventory record keeping until the controlled flow of information at all levels has been attained.